

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7617

BILL NUMBER: SB 364

NOTE PREPARED: Jan 10, 2003

BILL AMENDED:

SUBJECT: Judicial Salaries.

FIRST AUTHOR: Sen. Bray

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

STATE IMPACT	FY 2003	FY 2004	FY 2005
State Revenues		13,286,673	13,457,672
State Expenditures		5,992,994	11,985,986
Net Increase (Decrease)		7,293,679	1,471,686

Summary of Legislation: This bill increases the salaries paid to trial court, Appellate Court, and Supreme Court judges. It establishes a judicial salaries fee of \$12 to fund the salary increases. (The introduced version of this bill was approved by the Commission on Courts.)

Effective Date: July 1, 2003; January 1, 2004.

Summary of Net State Impact: This bill increases the salaries of court officers including Supreme Court justices, Courts of Appeals judges, trial court judges, magistrates, juvenile court magistrates, and prosecuting and deputy prosecuting attorneys by percentages ranging from 15% to 50%.

These added expenditures will be offset and paid by a new court fee of \$12. Because the fee increase takes effect July 1, 2003, and the salary increase occurs six months later, the state General Fund will realize an increase in net revenue of \$7.3 M in FY 2004 and \$1.4 M in FY 2005.

Explanation of State Expenditures: This bill would increase the salaries of court officers by varying amounts. The following table shows the proposed salary increases.

		# of Officers	Salaries			
			<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>% Increase</u>
Justices, Judges, and Other Court Officers	Supreme Court Justices	5	\$115,000	\$135,200	\$20,200	18%
	Court of Appeals Judges	16	\$110,000	\$130,200	\$20,200	18%
	Trial Court Judges	299	\$90,000	\$109,200	\$19,200	21%
	Magistrates	49	\$72,000	\$87,360	\$15,360	21%
	Juvenile Court Referees	17	\$30,607	\$45,967	\$15,360	50%
Prosecuting Attorneys	Full-Time	63	\$90,000	\$109,200	\$19,200	21%
	Part-Time at 66%	10	\$59,400	\$72,072	\$12,672	21%
	Part-Time at 60%	17	\$54,000	\$65,520	\$11,520	21%
Deputy Prosecuting Attorneys	Full Time	63	\$67,500	\$81,900	\$14,400	21%
	Deputies at 66%	20	\$44,550	\$54,054	\$9,504	21%
	Deputies at 60%	<u>29</u>	\$40,500	\$49,140	\$8,640	21%
Total Number		<u>588</u>				

Increasing the salaries of trial court judges will also increase the salaries of other court officers which are linked in statute.

- The salaries of magistrates are defined in statute as 80% of the salary of a trial court judge (IC 33-4-7-9.1).
- The salaries of juvenile court magistrates are also 80% of the salary of trial court judges, but the county pays \$41,393 of the total salary (IC 33-13-12-8.2).
- The salaries of the prosecuting attorneys are the same as the salaries of the judges of the circuit court (IC 33-14-7-5).

Prosecuting attorneys may elect to work part-time. If they do, then their salary will either be 60% or 66% of the salary of a full-time prosecuting attorney, depending on whether there are correctional facilities or state mental facilities located in the county in which they serve.

Deputy prosecuting attorneys who are paid by the state may also elect to work on a part-time basis. Part-time deputy prosecuting attorneys are paid 75% of the salary of prosecuting attorneys (IC 33-14-7-2).

The total cost of this proposal includes the judicial officers' increased salaries and the subsequent increase in the state's contribution to Social Security, FICA, life and disability insurance premiums, and retirement programs. The impact of this bill on the state General Fund is expected to be offset with revenue generated through the Judicial Salaries Fee created by this bill. (See *Explanation of State Revenues*).

The **impact** on the state General Fund is described in the following table.

		FY 2004	FY 2005
Justices, Judges, and Magistrates	Salaries	\$3,589,380	\$7,178,760
	Life and Disability Insurance	\$90,093	\$180,187
	Social Security and Medicare	\$83,473	\$166,945
	Judges Retirement Fund	\$647,784	\$1,295,567
Prosecuting Attorneys and Deputies	Salaries	\$1,440,000	\$2,880,000
	Life and Disability Insurance	\$36,144	\$72,288
	Social Security and Medicare	\$72,658	\$145,316
	Pros. Attys. Retirement Fund:	<u>\$33,462</u>	<u>\$66,923</u>
Additional Expenditures:		<u>\$5,992,994</u>	<u>\$11,985,986</u>
Added Revenue	Court Fees	\$13,115,674	\$13,115,674
	Added Income Tax Revenue	<u>\$170,999</u>	<u>\$341,998</u>
	Additional Revenue:	<u>\$13,286,673</u>	<u>\$13,457,672</u>
NET REVENUE ADDED TO STATE GENERAL FUND:		<u>\$7,293,679</u>	<u>\$1,471,686</u>

The bill also makes certain technical changes to IC 33-19-7-5 to provide additional funding to the Indiana Judges' Retirement Fund. The bill increases the semiannual payment made under this chapter by \$645,599. The bill also changes the distribution of the funds allocated by the chapter so that the Judges' Retirement Fund will receive an increase according to the salary increase described above. The other funds listed in the chapter will receive a nominal increase in revenue. The additional General Fund expenditure provided in this section is expected to be covered using revenue from the Judicial Salaries Fee, described in *Explanation of State Revenues* below.

Funds:	Current Law		Proposed Change		Difference
	Percent	Distribution	Percent	Distribution	
Family Violence & Victim Assistance	11.08%	\$742,831.68	10.11%	\$743,291.24	\$459.56
Indiana Judges' Retirement	25.21%	\$1,690,143.19	31.77%	\$2,335,743.11	\$645,599.92
Law Enforcement Academy Building	3.52%	\$235,989.85	3.21%	\$236,000.50	\$10.65
Law Enforcement Training	14.19%	\$951,334.07	12.94%	\$951,354.04	\$19.97
Violent Crime Victims Compensation	16.50%	\$1,106,202.41	15.05%	\$1,106,482.02	\$279.61
Motor Vehicle Highway	26.95%	\$1,806,797.26	24.58%	\$1,807,131.43	\$334.17
Fish and Wildlife	0.32%	\$21,453.62	0.30%	\$22,056.12	\$602.50
IN Judicial Center Drug & Alc. Programs	2.23%	\$149,504.93	2.04%	\$149,981.62	\$476.69
Totals	100.00%	\$6,704,257.01	100.00%	\$7,352,040.08	\$647,783.07

Explanation of State Revenues: The bill establishes a Judicial Salaries Fee of \$12 to be collected in civil filings, juvenile cases, felony convictions, misdemeanor convictions, and misdemeanor actions where a person participates in a deferred prosecution program, infraction, and ordinance violation actions in trial courts, city and town courts, and the Marion County Small Claims Courts.

Revenue collected from this fee will be deposited into the state General Fund. This fee is expected to generate approximately \$13 M each year. This fee is expected to be wholly sufficient in generating the revenue necessary to cover the increase in the judicial officers' salaries and associated benefits, as described in this bill. However, since the judicial salary portion of this bill does not go into effect until January 1, 2004,

and since the Judicial Salaries Fee begins on July 1, 2003, the bill will provide a net increase of approximately \$7.3 M in state General Fund revenue during the first half of FY 2004. (See table in *Explanation of State Expenditures*.)

Estimated Revenue Generated by \$12 Judicial Salaries Fee and Estimated Revenue By Case Category					
Case Category	Trial Courts	City and Town Courts	Marion County Small Claims Courts	Totals	Percent
Criminal	\$684,353	\$398,346		\$1,082,699	8%
Infractions	\$4,612,062	\$1,683,346		\$6,295,408	48%
Ordinance Violations	\$552,177	\$162,605		\$714,782	5%
Civil and Probate	\$1,866,444	\$88,618		\$1,955,062	15%
Juvenile	\$187,206			\$187,206	1%
Small Claims	\$2,070,270		\$810,248	\$2,880,518	22%
Totals	\$9,972,512	\$2,332,915	\$810,248	\$13,115,675	100%

This additional income that these judicial officers would receive would be subject to the 3.4% state income tax. Based on the estimated increase in salaries, the state would collect an additional \$171,000 in income taxes in FY 2004 and \$342,000 in FY 2005.

Added Revenue from State Income Tax				
		<u>FY 2004</u>		<u>FY 2005</u>
Justices, Judges & Magistrates		\$3,589,380		\$7,178,760
Prosecuting Attorneys and Deputies	+	<u>\$1,440,000</u>	+	<u>\$2,880,000</u>
Salary Increase		\$5,029,380		\$10,058,760
State Income Tax Rate	x	<u>3.4%</u>	x	<u>3.4%</u>
Added Income Tax Revenue		<u>\$170,999</u>		<u>\$341,998</u>

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Supreme Court Justices, Court of Appeals Judges, Office of State Court Administration.

Local Agencies Affected: Trial Courts, Prosecuting Attorneys, City and town courts, Marion County Small Claims Court.

Information Sources: 2001 Indiana Judicial Report.

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